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1. commissariats

the Gosplan next to the Gosplan, the Industrial Narkomats (people's commissariats, ministries), insofar as their work relates to planning. The work of each people's commissariat is divided into two parts: the planning of the particular branch of the economy which is its charge, and the administration of this branch of the economy, that is, the subsequent supervision of the execution of the plan.

2.

The people's commissar himself does not have any specialized functions. The number of his deputies is exactly equal to the number of the central administrations. If there are six or seven which is usual, then there will also be six or seven deputies. In other words, each deputy commissar in any given branch of the economy is the chief of the central administration, or rather, not a chief exactly, for there is a head of the department, but he directs this head of the department. As for the people's commissar himself, he directs none of the special branches. He is a representative of the entire commissariat, of all of the commissariat's work. Let us take as an example, the commissariat of agriculture. It has the central administration of cotton; the central administration department of industrial crops; the central administration department for grain; the department of livestock-raising; the department of the MTS, a special central administration department for the machine-tractor stations and so forth. Each one of these central administrative departments has a deputy and the commissar; therefore there are as many deputies as there are departments. Exceptions occur sometimes in such commissariats as that of agriculture, in other words, the kind of commissariat which encompasses under its direction, regional as well as

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-2-

50X1-HUM

central administrations. In such a case, the commissariat also has a deputy for cadres, i.e., the deputy of the commissar who is in charge of only the cadres of the given commissariat, not of the personnel of the central institution, but of the cadres of the entire periphery of this commissariat. For example, the commissariat of ferrous metallurgy does not have a deputy for the affairs of cadres because there is only one commissariat of ferrous metallurgy, that in Moscow, however, there are no such commissariats in the republics of the Soviet Union.

3. [redacted] when the commissariat has branches in the periphery then it has a separate [redacted]

[redacted] central administration. And in such a case, there is a special deputy chief of the deputy commissar who is in charge of this central administration. [redacted]

[redacted] there is a head for each central administration who, however, is not directly under the people's commissar but under the corresponding deputy commissar.

4. [redacted] the deputy commissar in charge of one [redacted] main administrations?

5. [redacted] the commissariat of metallurgy [redacted] is concentrated in Moscow [redacted]

[redacted] and that of the chemical industry.

50X1-HUM

6. [redacted] commissariats which have branches throughout the USSR [redacted]

50X1-HUM

The people's commissariat of agriculture, the commissariat of local industry, the commissariat of communal economy, and the commissariat of trade.

7. [redacted] 50X1-HUM

A commissariat does not have a department for the administration of the periphery. There is no such central administration. The commissariat of agriculture of each republic, of each oblast has its own division. Furthermore, the periphery extends to the rayon, the rayon executive committee and even reaches down, in some instances, to very small centers which have rayon departments of agriculture, or an authorized representative of the department of agriculture. Therefore, it might seem strange that the people's commissariat of agriculture itself does not have a department which would direct these branches.

8. [redacted]

The function of the cadres administration is to see that the appointed number of staffs are not exceeded, to watch for and eliminate sabotage, if it takes place, and it always does, according to Soviet traditions; then to improve the machinery for increasing the working-capacity of the people; for raising their qualifications; and to train them in skills. Each one of these departments for supervision of cadres, under the administration of the commissariat, has under its directorship, specialized institutes, such as the institute of livestock-raising industry, which trains cadres for the livestock-raising industry, veterinaries and so forth. This institute is under the supervision of the main administration for cadres of the commissariat of agriculture. All of the above-mentioned things represent fairly large and complex functions; all of them are placed under the administration of the special deputies of the commissars.

It might seem strange, however, that there is no division to run the periphery, i.e., the people's commissariats of agriculture of the republics, agricultural departments of the oblasts, the rayon agricultural departments and so on. This is explained by the fact that, according to Soviet traditions, administration is set up along specialized lines. The grain economy would be managed by the people's commissariat of a republic, for example, the commissariat of the Ukrainian SSR. This is because none of the commissariats of the republics have within them central administrations but only departments such as: the department of livestock-raising and the department of industrial crops. The existence of the latter, however, depends on whether the specific republic raises industrial crops or not, and if it does not, then naturally, there will be no department for industrial crops. Let us take, for instance, some place like the Archangelsk kray; this area does not have a department of industrial crops, while the Crimea has a department for tobacco-raising, because

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-3-

50X1-HUM

tobacco plays a decisive role in the farming economy of the south, especially the Crimea. The Caucasian republics, like the Georgian republic, for instance, have a department of viniculture included among the departments of the people's commissariat of agriculture because grapes play a major role there.

9. [redacted] local economic organizations maintain contact with central organizations [redacted]

They deal directly with the corresponding central administrations. Each department of any all-Union People's Commissariat has a direct connection with the corresponding department of any republican or oblast People's Commissariat.

10.

[redacted] the three functions of the People's Commissariats [redacted] can be summed up as follows:

- (a) The assignment of planned tasks through channels to those who are to execute the planned tasks;
- (b) The supervision of the fulfillment of the tasks; and
- (c) Technical guidance by the People's Commissariat.

11.

Technical guidance consists not only of issuing orders of a technical nature, but also of rendering aid. If necessary, the Commissariat sends people from Moscow who are better qualified to help in the solution of various technical problems. For instance, take some plant of local industry where the work is not progressing according to the plan. Then the local ministry, that is, the republican ministry, requests aid from the central People's Commissariat. It requests highly experienced men in a particular field, so that they can help the plant operate according to the plan. Then a brigade, as it is called, departs for the plant.

50X1-HUM

12.

There can be nothing "purely republican". Everything is included in the all-Union economic structure. Anything purely republican, anything of an isolated republican nature just does not exist. There can be no such segment of the national economic life.

13.

[redacted] the People's Commissariat of Local Industry, that is, small-scale state industry, [redacted] would be under the People's Commissariat of Local Industry of each union republic.

50X1-HUM

If it is cooperatives [redacted] then all supervision is centered in the main administration of industrial cooperatives.

14.

15.

[redacted] In the Ukraine and in the other republics there are ministries which manufacture furniture. [redacted] on the all-Union level [redacted]

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50X1-HUM

-4-

They have a People's Commissariat of Local Industry which controls furniture production. [redacted] owing to the development of 50X1-HUM regional industry, there was established within the Commissariat of Local Industry a Department of Rayon Industry. For after all, the plans of the rayon industry had to be included in the plan of the People's Commissariat of Local Industry. In short, the following thesis may be stated and not only stated, but stressed. No aspect of the national economic life, regardless of how small it is, regardless of how local it is, can exist outside the national economic plan. In one way or another it must be integrated into the centralized plans of the People's Commissariats. In the USSR even the birth rate and the death rate are planned. Nothing can exist outside the plan. Any phenomenon not included in the plan is considered to be anarchical and counter-revolutionary.

16.

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Prior to embarking upon its work of drafting the national economic plan of the USSR, the demographic section of the Gosplan puts forward a definite hypothesis, for it is not really called a plan until it is ratified, but a hypothesis. This hypothesis is on the natural population increase for the next year. The formulation of this hypothesis is based on certain elements, i.e.: the population for the current year; the rate of birth; the mortality of children, of adults, of youth and general mortality; the migration of people, that is, from district to district and village to city and so forth. Next, an estimate is made of the total population for the next year, i.e., the year that is being planned. This estimate is made for each year and each age group separately: children up to one year, first; then, children from one to five, or four, [redacted] next, the estimate for the children five or four to seven, that is, up to school-age. The age group from five to seven is listed under the heading of the contingents for children's homes, while the first age-group i.e., from one to two or three, is listed as the contingents for children's nurseries. Next follows the school-age group, but this group is not taken as whole, but is estimated for each year separately. Then follows a re-shifting, i.e., those born in the current year are considered by the end of the planned year into the up-to-one-year-old group, while those who were in the former group, i.e., in the group up to one, are shifted to the second group. This re-shifting gives in the final outcome the age-group composition of the population for the planned year. Then comes the planning of the total population for the next year on the basis of subtraction of one figure from another, i.e., the birth-rate minus death-rate and minus the migration rate.

17.

In all other countries population growth is estimated as a hypothesis, in the USSR the estimated increase is entered into the plan and is submitted to the presidium of the Gosplan for its ratification. After its ratification, the presidium sends out copies of it to all of the Gosplan's planning offices, the office of livestock-raising, the office of, let us say, agriculture, the office of ferrous metallurgy, also that of the communal economy, as well as schools and hospitals. This estimate is then used as a guide in determining the planned assignments. If this had not been done, the Gosplan could not carry on its work.

It was discovered in 1939 that there was only a small contingent of school children to be found that year.

50X1-HUM

It turned out that the 1932 and 1933 birth-rate was so low and the death-rate of the infants was so high, that by 1939 there was a very small group of seven-year-olds, a very insignificant number indeed, of something like five hundred thousand only, a negligible figure as compared with the number which is usually characteristic of that age group. This meant there was no need for opening new schools which is an important factor in any construction program.

18.

When a directive is issued by a higher echelon of administration [redacted]

friction or conflicts of a jurisdictional nature [redacted]

arise

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-5-

In most instances they arise on the ground of a different concept as to what constitutes the correct geographical allocation of the assignments. For example: an assignment is given to the People's Commissariat of Local Industry to increase its output by 20% in small-scale, metal-processing plants. The Commissariat of Local Industry looks at this from the following point of view: In what area can this increase be obtained in the easiest possible way? Let us say that it has decided that the easiest way to obtain it will be in the Ukraine. Having come to this conclusion, it shifts the entire assignment, or nearly all of it, to the Ukraine, because the administrative machinery is better organized in the Ukraine and it is easier to find resources for building new, small-scale plants. However the government's directive had an altogether different objective in mind. It wanted the 20% distributed in such a manner as to increase local industry in the Urals, and also in Siberia--where the local industry is needed so badly--as well as in the Far East--where it is needed so desperately and where it does not exist or barely exists.

But the people's commissariat is afraid that by following this course it will fail to fulfill its assignment. Such is the principal, the basic type of dispute and it is usually settled either in the Council of People's Commissars of the USSR, or, if it has not been settled there, in the Central Committee of the Party.

19.

[] the second source of friction []

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[] is connected with the assigning of definite timetables for the fulfillment of a task. Let us suppose that the People's Commissariat of Ferrous Metallurgy was faced with the task of increasing the production of cast-iron from 18 million to 19 million tons a year. The Commissariat will fulfill the task in such a manner that the additional million tons will be produced only in the fourth quarter. The Commissariat reasons that in order to produce the additional one million tons in the existing plants it would be necessary to improve the blast furnace processes, to reduce the sulphur content of the coke, and to decrease the amount of waste. In short, by means of improving the production method itself. In place of increasing production by some 200,000 or 300,000 tons every quarter, it prefers to build one or two blast furnaces in one plant. The new capacity will be ready for production in the fourth quarter and then they can produce the additional one million tons required for the year. In the meantime the Gosplan expects that there will be some augmentation in the first quarter and in the second quarter, because there are consumers for it both in the first quarter and in the second. The total production figure in the supply plans is 19 million tons and it is distributed over the four quarters of the year, but as for the People's Commissariat, it is easier for it to produce the additional one million tons in the fourth quarter.

The People's Commissariat started the construction of additional production capacity in the preceding year. It is not in any hurry, and will put these facilities into operation in the fourth quarter of the Plan year. This is not in accordance with the national interest and the State Plan and the conflict between the People's Commissariat and the Gosplan is again settled by the Council of Ministers or the Central Committee of the Party.

20.

This applies particularly to the People's Commissariat of Trade. It has endless and continuous arguments with the Gosplan. The Commissariat always tries to postpone everything to the end of the year. In the meantime, people are in need of pants, milk, or clabber. There is a demand for these items every day, but they prefer to carry all this over to the fourth quarter.

21.

Quarterly plans were first introduced in about 1932. At that time the USSR discovered that unless definite schedules or timetables were set up, the whole production program would end in a mess. [] in the early thirties [] the People's Commissariat of Agriculture succeeded in carrying out its assignments only in the last days of December. Among the assignments of this Commissariat were to increase the number of chicken farms, to build such and such a number of stables, and to utilize a given number of tractors. All this would be fulfilled at the very end of December. In other words, they would not be operating during the year. As a result, the plan positively disintegrated and the population and industry were not supplied. To meet this situa-

50X1-HUM

50X1-HUM

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-6-

50X1-HUM

tion, quarterly plans were introduced, beginning in 1933. These plans were subject to confirmation by the all-Union Government. This, too, however, turned out to be inadequate. In the course of the quarterly period, difficulties arose, seasonal difficulties, forcing the introduction of monthly plans, but only for republican industries. This course, which in my opinion is absurd, was carried to even greater extremes when the Government introduced ten-day plans in enterprises, and then daily plans for each bench in a factory.

This resulted in such great bureaucracy in planning that after a while no one was able to check on how this entire anarchy, this pulverized system of planning was being carried out. Toward the end of the thirties there was such a mix-up that it became imperative to abolish those daily plans.

The ten-day plans, however, remained in force at enterprises. This means that every enterprise must draw up ten-day plans based on the prescribed monthly plan.

22.

this in addition to monthly plans

But this was only for industries functioning on a union republic level; those on an all-union level had only quarterly plans. Many a planner foresaw a complete crash of the Soviet economic structure in this entire process of confusion, all those daily assignments, and so forth. This entire process is called "carrying the plan to the individual worker."

50X1-HUM

23.

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-7-

24. [redacted]
[redacted] It has been suggested that in all probability the situation would be worse with the annual plan alone.

[redacted] The government believes that it would be worse [redacted]

25. [redacted] latitude or freedom of choice [redacted] the individual ministry have in selecting the means for the attainment of planned quotas [redacted] 50X1-HUM

Theoretically, they do not have a freedom of choice, but [redacted] there are conflicts which are settled by the Council of Ministers or the Central Committee of the Party. Before drawing up a plan, the Gosplan receives from the People's Commissariats a statement on what is being produced at the time, what increases can be expected through rationalization and through plant expansion. In this respect it is not hampered. However the plan is worked out by the Gosplan four months before the end of the year, when the results of that year's output are yet unknown. And as far as making assumptions regarding the expected level of plan fulfillment of the current year, that is forbidden, categorically forbidden. Therefore, a plan is always based on the plan of the preceding year in the form in which it had been specified by the Gosplan.

[redacted] anything in the nature of plan fulfillment estimates for the current year was forbidden eight or even ten years prior to 1941. Therefore, the Gosplan starts its computations not on the basis of what actually exists but on the assumption that the current plan has been fulfilled. To this they add an expected production increase of, let us say, 10%, resulting from rationalization and exploitation of new plant capacity. This is the plan, but say in the case of the Commissariat of Ferrous Metallurgy, the output was not 18 million tons but, 17,500,000. If the plan for the following year is 19 million tons, the increase is not by one million, but by 1,500,000. That is why the computations which the Gosplan is making to determine increases on the basis of rationalization, or on the basis of new capacity are not realistic, and utterly inadequate for planning purposes.

26. [redacted]

[redacted] no consolidations took place prior to 1941. On the contrary, the economy of the country was run along lines of decentralization and not at all along lines of integration. There was no integration but differentiation in that field, and it seems to me that this policy is being continued today.

27. That is not correct for the post-war period. At first separations took place and then mergers. For example, the Commissariat of Ferrous Metallurgy and non-Ferrous Metallurgy were together, and then they were separated. Then they merged again. In the post-war years there were frequent changes of this kind.

There was such a tendency [redacted]

28. [redacted]

[redacted] as an attempt to find the best possible way to achieve the maximum industrial development. It is a different matter when one tries to assess this attempt. Is it good--does it actually lead to improvement? Or does it not? That is another matter.

29. [redacted]

[redacted] everything has its golden mean. [redacted] it is correct of course, to separate incompatible things. For example, when there was the supreme Council of National Economy, the Sovnarkhoz--that was bad, and it was correct to split it up into Ferrous Metallurgy, Electrification, and so on. But to split up, for example, the People's Commissariat of the Fishing Industry into a People's Commissariat of the Fishing Industry of the North and a People's Commissariat of the Fishing Industry of the South, or to split up, let us say, the People's Commissariat

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-8-

50X1-HUM

of Agriculture, and establish an independent People's Commissariat of State Farms,--
that [] an absurdity.

50X1-HUM

The policy of the Government, however, is based on the belief that the greater the differentiation in the administrative sense, the greater are the responsibilities, the greater the attention devoted to the branch of industry in question. Of course, under Soviet conditions, this consideration does play a role up to a certain point. This is because when a particular branch of industry is placed under a specific people's Commissariat, the people's commissar is able to report directly to the government on this branch only, without involving any other branches of industry. He has, as it were, a better opportunity to defend the interests of this branch of industry before the council of People's Commissars and the Central Committee of the Party. However, this advantage, is neutralized by the circumstance that this differentiation carries with it a decentralization of planning, a decentralization of control over [] millment of plans, which in turn gives rise to tendencies favoring the partial point of view of separate branches of industry. [] under Soviet conditions, that is, under conditions of state planning of the entire economy, the state point of view must predominate, and not the branch point of view. Proof, that this is so and that the government itself is aware of it, was best illustrated in the speech of Molotov at the 18th Party Congress. In his report on the Third Five-Year Plan, Molotov stated--and these are almost his exact words--that the decentralization of people's commissariats, that is, the emergence of new people's commissariats, complicated extremely the administration of the national economy. That is why, he said, the apparatus and the role of the Gosplan had to be strengthened considerably. In other words, he meant: "We understand the absurdity of the differentiation of people's commissariats. However, we do not assume responsibility for it but shift it on to the Gosplan. The Gosplan must, in spite of the existing, incredibly absurd differentiation of people's commissariats, be able to assure the defense of the interests of the state."

30. When a ministry, or a commissariat splits up--for example--when non-ferrous metallurgy was separated from the Commissariat of Metallurgy []

The process was quite simple and painless and the net result would be that instead of the original personnel of 10 thousand in the People's Commissariat of Metallurgy, the number would swell to 13 thousand in both commissariats since, of course, all the employees who ran the non-Ferrous Metallurgy section would be withdrawn from the Commissariat of Ferrous Metallurgy. It would seem that this people's commissariat had become smaller in respect to staff. But in the meantime the People's Commissariat of non-Ferrous Metallurgy would require planning sections, statistical sections, a department to check on the fulfillment of plans, cadres, and as many deputy chiefs as there were previously, and so on. The organizational scheme, however, remained unaltered. Only the scale of work changed.

50X1-HUM

31. []
- [] The painlessness of reorganization [] related only to the central apparatus in Moscow. A completely different situation resulted in the provinces. Therefore at least one or two years following the splitting of a people's Commissariat, chaos would continue to reign. It would be impossible to find anyone to take charge, or to establish smooth leadership in these split-up enterprises. Frequently, especially in Ferrous Metallurgy, it would be difficult to separate one apparatus, a local one, from another, because many of them were fulfilling combined functions. Thus, in the concentration of metal ores the process is the same whether it involves ores of non-ferrous metals or ores of ferrous metals. There is absolutely no basic difference, but it was necessary to split this apparatus, and no one locally knew how to do it. For a year or even two after the division, chaos, doubt and uncertainty continued.

32. About six months ago, the Ministry of Ferrous Metallurgy and the Ministry of non-Ferrous Metallurgy were consolidated into one Ministry. []

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50X1-HUM

-9-

[redacted] the organizational scheme will remain the same, [redacted] the People's Commissariat of Ferrous Metallurgy, being the bigger, being incomparably bigger than the People's Commissariat of non-Ferrous Metallurgy, will acquire new central administrations, namely, a Central Aluminum Administration, a Central Light Metals Administration, a Central Rare Metals Administration, and a Central Alloy Administration. It will acquire a total, perhaps, of four or five new central administrations, and might expand its planning section, or its statistical section, or the cadres department.

33.

[redacted]

A "kollegium" translated into generally accepted language means presidium.

34.

[redacted]

The purpose behind the organization of a "kollegium" or presidium is to back up the individual decision of the people's commissar with the collective views of deputies of the People's Commissar and the chiefs of the central administrations. As a rule the "kollegium" of a People's Commissariat consists of all the deputies, and the chiefs and deputy chiefs of the central administrations. The People's Commissar himself presides.

35.

[redacted]

Consultants are invited but they are not members.

50X1-HUM

36.

[redacted]

The ruling of the "kollegium" or presidium is absolutely not obligatory for the people's Commissar. It is only a consultative organ. He may hear everyone's opinion and then say: "We shall do it thus."

37.

[redacted]

In the USSR, the principal function of the Gosplan is not considered to be the preparation of the plan since it is not felt to be a very important task. It is much more important to check on the fulfillment of the plan, because, under Soviet conditions, a plan approved by the Government is a law, or is equal to a law. Consequently non-fulfillment of the plan is regarded as violation of the law. General enforcement of the law is in charge of the People's Commissariat of Justice, while enforcing the fulfillment of the plan which is a quasi-law, is in charge of the Gosplan. That is why this function of the Gosplan, the function of ensuring fulfillment of the plan, is its basic task.

[redacted] brief historical digression. Up to 1929, the year which followed the NEP, there was no control over fulfillment. The Gosplan simply published monthly surveys of the economic situation (kenyukturnye Obzori). It was the prevailing belief at that time that the correlation of economic forces was exercising an influence on the economic development of the USSR. It was regarded as an established fact, that prices could be affected by the operation of certain dynamic forces, independent of the will of the government. It was believed at that time that certain interplays of economic factors could affect the raw materials market, exercising detrimental or beneficial affect; that certain factors, such as temperature or precipitation, may affect agriculture favorably or unfavorably. Beginning with 1930 all these ideas about objective situations were proclaimed conservative, alien to the Soviet economy, because it was just in that time that the Soviet economy began to be called Socialist economy, in contradistinction to the capitalistic economy, which is dominated by market fluctuations, and not by planning, not by the will of the state.

[redacted]

[redacted] This is not simply a changing of the form of work but a basic and radical transformation of the Communist Party's point of view on the nature of the Soviet economy. The attitude of the Communist Party leadership since 1930 has been that it was no longer possible to permit any influence of capitalistic elements. The publications reviewing the fulfillment of the economic plan focused

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-10-

50X1-HUM

50X1-HUM

their attention not on statistics, but on the quest for those responsible for the failure of the plan. Strictly speaking this was a report on the guilty; an indictment of individual persons, even republics and oblasts. This is why you will find fewer statistics and more facts, more assessments of the condition of the economy in these reports. And what is more, willy nilly, they become absolutely frank because, in order to show [] for example [] guilty of having caused the failure of the plan, it is necessary to bring up arguments in support of the accusation. And this is why [] this document is the most important document for the study of the economy of the USSR, much more important than the National Economy Plan.

50X1-HUM

But of course, this does not mean that you will not find figures in these documents. You will find them contained in tables arranged as follows: First column: Target for the period covered by the plan--let us say the Pyatiletka, or a year, or a quarter within the year, or a month within the year. Then follows the fulfillment of the plan of the preceding parts of the period covered by the plan: Let us take the year 1946. The plan was: 100 units. The report is on the fulfillment of the plan in the third quarter. Fulfillment during the two preceding quarters is 40 which constitutes 40%. Fulfillment of the plan in the third quarter, that is, during the quarter under review is 22, which is 22%. The total fulfillment covers three quarters. Three quarters: 62%. You will find therefore, factual and valuable material which even provides a picture of the dynamics of the fulfillment of the plan.

III quarter 1946

Plan	First and 2nd Quarters		3rd Quarter		Total	
	Quantity	%	Quantity	%	Quantity	%
100	40	40	22	22	62	62

50X1-HUM

38. [] this report []

50X1-HUM

To begin with, it is published in three forms. The first form is the one published in the "Planned Economy." It is very modest, taking up two pages, perhaps. This is all the public gets. Thus, in any publication of the "Planned Economy" you can find these modest indices.

39. [] taken from this report []

50X1-HUM

The second form is more extensive and is a book containing approximately 100 to 150 pages. It is published in 3,000 copies and is intended for use by top level officials of the USSR, but only those top-level officials who work in the administrative and economic fields. This book is fairly comprehensive and is, in addition, classified as "secret." Each copy is numbered. And finally, the third form of the book is a masterpiece. It contains a considerably greater number of indices, and is more frank.

There one may find the real reasons for plan non-fulfillment. In looking over this book, you can see why and where a plan was not fulfilled, where things are really bad and where there is a catastrophe. In addition you see even names, the names of plants and so on. This book is published in 250 to 300 copies. Usually 300 copies. Copies of the book are not only numbered, but also contain on the cover sheet the name of the person for whom they were intended: "For Comrade Stalin" or "For Comrade Malenkov." In view of the fact that this book is issued in only 300 copies, it circulates among a very limited group of people. These, in the first place, are members of the Politbureau, members of the Central Executive Committee of the Party, in other words, mainly the party leadership.

This book is invariably sent to the Secretary of the Central Executive Committee of the Party in each republic. But the Chairman of the Council of People's Commissars of the republic in question does not receive this book. He receives a copy of the second category.

40. []

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-11-

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The Gosplan receives only one copy, that is, the Chairman of the State Planning Commission, being a member of the Politbureau, receives one copy; but were he not a member of the Polibureau he would not receive a copy.

41.

the deputy People's Commissars do receive copies.

42.

the NKVD

receive a copy.

43.

These

reports are compiled by rank-and-file specialists explain why in Central Asia, for example, the plan portions of the report for the construction of cement plants was being systematically side-tracked.

the person to blame for this was the chief of the Central Cement Industry 50X1-HUM 50X1-HUM

The Party considers that the workers of the Gosplan must not live in friendship with workers of the Narkomats. This was stressed by Stalin himself. He said that it was high time to stop the strivings of the Gosplan workers, the bourgeois strivings of the Gosplan workers, to live in friendship with the workers of Narkomats. In other words, the Gosplan had to feud, had to look for culprits, to punish. Such was the tendency.

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44.

the Gosplan's constitution. It is published. It says there: "The Gosplan is under obligation to prosecute anyone for the nonfulfillment of the plan, regardless of who that person may be."

45.

And that is carried out

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Even if this involved the chief of the NKVD always protected by a member of the Politbureau, the Chairman of the Gosplan.

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46.

47.

Maybe half of the personnel of the Administration of Defense are connected with the NKVD. They all wear military uniforms

48.

49.

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-12-

50X1-HUM

50.

as far as secret collaborators are concerned, the NKVD had many of them but not a department in the Gosplan. A department is official.

51.

the offices in the third part of the decree

it is the Committee of the North. It is a very large one. It is called the Committee of the North and is attached to the Gosplan of the USSR.

52.

the Ministry of State Security, the MGB

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It fulfills the functions of the Ministry of Internal Affairs, and, therefore, it has no agents of its own. Often the representatives of the Ministry of State Security are placed among the members of the collegia of the People's Commissariats. it even had a representative in the Presidium of the Gosplan

53.

in 1946 there was a radical change in the organization of the Gosplan.

54.

there are a few paragraphs in this decree of 1938 which bear directly on the problem of disproportions. In them, the Soviet government calls attention to the existence of disproportions in the economy and urges the Gosplan to eliminate them.

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having received directives to the effect that the Gosplan must devote special attention to the existing disproportions in the national economy, the workers of the Gosplan had no other practical means at their disposal to carry out the directives. the national economic plans are drawn in strict conformity with the directives, even if it is based on the expert knowledge of a worker of the Gosplan or of the entire Gosplan setup. To introduce changes in the plan directives, to do things differently than is called for in these directives, was unthinkable. For, this meant "insubordination to the directives of the Politburo of the Party." You can well understand that such a situation tempted no one, and held no promise other than danger.

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For the Gosplan to carry out the directives of the decree, it would have meant increasing the production of industry; the supply of raw materials to industry; providing the population with living quarters, water and electric power; and the training of skilled manpower which as you are well aware, is the most important problem of the USSR. It would also be essential to improve without fail all forms of transportation since the existing transport facilities would completely fail to meet the needs of the developing industry and of the entire national economy. And finally it would be essential to raise the level of agricultural output to meet the needs of industry and to satisfy the population's minimum needs in foodstuffs. A comparison of the two figures bearing on the last point will reveal a considerable disproportion within the USSR economy.

In 1940 the areas under grain crop increased by only 12% as compared with 1913, and the yield was greater by eight to eight and one half centners, an increase of 25 or 26%. However the population increased during that period by 60 to 70%. This alone shows you the colossal disproportion. Furthermore, the demands of industry for agricultural raw materials also greatly increased during that period. What was the position of the Gosplan? Was it in a position to decide that available building materials, material resources and money appropriations be directed not to the development of metallurgy or machine building, but to the development of agriculture, to the development of transportation, electric power, water supply, i.e. to the development of consumers' industry and thus slow down the tempo of industrialization. It is perfectly clear that nobody in the USSR would dare take such a step. The first chairman of the

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-13-

Gosplan Kryzhanovsky, tried to take such a step and his fate is known. It was also tried by Smirnov, another chairman of Gosplan who lasted for only nine months.

it was a mistake on the part of the Government to include the paragraph on disproportions in the statute of the Gosplan, because in the first place, the Government admitted the existence, of disproportions in the USSR, a thing which the Soviet Government and the Communist Party, always denied. And second, because by the same token it underscored the fact, that the disproportions became so large that it was necessary to give to the Gosplan a special mission to take care of this situation and to eliminate these disproportions. However, by doing this the Government did win a point. It shifted responsibility and created a scapegoat. It could now bring to trial people, not guilty for these disproportions. These disproportions were in fact the result of wrong planning, a mad race after increased industrialization dictated by the Party--the Politburo--and to which the Gosplan followed mechanically in drawing up plans.

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55.

The Government not only charged the Gosplan with the task of liquidating disproportions but also indicated the course it should follow in connection with this task. Had the Government been reasonable, it would have said to the Gosplan as follows: Since you have been charged with the duty of eliminating disproportions, you should tell us, upon the receipt of the directives from the Politbureau, that these directives were not reasonable, since implementing them would intensify dislocations even more.

Such, it seems should have been the case. However, this was not the course they followed. Instead they issued a directive which states: "The Gosplan is to coordinate all branches of the economy and with this in view it is to compile material balances." The Government understood perfectly well that not a single material balance could be drawn up by the Gosplan under the prevailing conditions which governed the drafting of the plan. It was physically impossible, for the following reason: There are two sides, two aspects to any material balance. On the one hand there are the resources or the assets and there are the requirements to carry out the plan objectives.

If you should attempt to draw up a material balance for any segment of time, whether it be a five-year period, a year, or a quarter, covering any branch you may desire, or any items you may wish, be it metal, canned goods, machine tools, electrical equipment, generators, transformers, pants, tables, any item at all, if you try and draw up such a balance you will invariably obtain a picture of a colossal deficit. You draw up your requirements, your most modest, minimum requirements computed on the principle of "plugging up holes" in the most vital spots, and you get, for example, the figure 100. You then turn to the resource part of your balance, the assets, and you will discover that the country is producing, and will be able to produce in the coming year, under existing capacity only 25 to 30% of the requirement. This is true for almost any commodity, any item you might mention.

The Government was well aware that the drawing up of such a balance, if it had been drawn up, would have opened the eyes of whoever was drawing up the plan, that the disproportion could not be reduced.

The directive to draw up material balances was issued in 1938 but by 1941 the Gosplan had not issued a single material balance. It could not issue any, because it would have been a most severe blow at the Government itself. It would have meant the complete discrediting of state planning as a system. This, of course, was so dangerous, that the government decided not to press the Gosplan to carry out the directive relating to material balances.

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